

Mr. Craig Gillespie
September 5, 2024



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Craig Gillespie
Head of Life & Alternative Credit
Portfolio Management
Leadenhall Capital Partners LLP
Level 15, 70 Mark Lane, London, EC3R 7NQ

RE: SPLCSS III and Dorchester II Credit Facility Asset Diligence

Dear Mr Gillespie:

Thank you for contacting Saiph Consulting to assist with Leadenhall Capital's ("Leadenhall", "you", or "your") due diligence in auditing your structured settlement and other annuity collateral records ("Receivables"). The scope of our engagement includes auditing Receivables in the SPLCSS III LLC and Dorchester Receivables II LLC credit facilities (the "Facility" or "Facilities") owned by SuttonPark Capital LLC et al ("SuttonPark"). The purpose of this letter is to provide a summary of each review performed and results of our audit, including best estimates as to the existence and future collectability of each Receivable on the Facilities as of December 31, 2023.

Background

On May 7, 2021 Leadenhall entered into the Facilities to finance portfolios of secondary market annuities aggregated by SuttonPark from various origination channels. In the course of 2023, the existence and eligibility of certain receivables SuttonPark reported as on the line was called into question, as there was a material reduction in the number and value of collateral supporting Leadenhall's loans (according to SuttonPark). Leadenhall engaged Saiph Consulting (as experts in the annuity factoring space) to conduct an audit of the Receivables on their behalf and diligence the remaining Receivables on the Facilities.

Saiph's team is comprised of secondary market annuity industry veterans with decades of experience founding and leading annuity factoring platforms. The team has sourced, underwritten, and serviced more than \$6bn of structured settlement annuities, while structuring and managing dozens of public and private credit vehicles to finance the asset class. Saiph's team includes former architects of the technology used by SuttonPark to underwrite and service the Receivables, which allows for a targeted approach to the audit methodology.

The analysis performed includes the following set of reviews, which are described and summary results presented in this report:

- Receivable File Review
- Chain of Title Review
- Servicing Collections Review

Each Receivable is classified into one of the following risk categories:

- Level 1: Immaterial Risk, High Level of Certainty Pertaining to Asset Performance
- Level 2: Low Level of Risk, Moderate Degree of Additional Work to Ensure Performance
- Level 3: High Level of Risk, Low Likelihood of Asset Performance

Receivable File Review

The receivable file review consisted of obtaining all digital records pertaining to each Receivable (primarily in PDF format) from the borrowers and servicer SuttonPark Capital. Significant attention was directed towards identifying whether the document package was complete based on eligibility criteria under the Loan and Security Agreement for the Facilities. Particular focus was paid to ensuring key transfer documents pertaining to the original purchase of the annuity were contained in each Receivable record provided. Such key documents would have been provided to SuttonPark Capital by the originator responsible for the original secondary sale of the structured settlement annuity receivable. Each Receivable was classified according to level of file completeness and corresponding level of risk.

The risk categories for the file review findings are as follows:

- Level 1: Full Files – No Material Exceptions
- Level 2: Partial Files – Requires Management Action¹
- Level 3: Material File Deficiency – Unlikely to Perform

Results: Receivable File Review

The attached exhibit, “Leadenhall- SPLCSS and Dorchester Audit Results- Final 9-5-24” contains detailed results of our Receivable file review with corresponding exceptions identified. The results for our individual analysis are summarized in Table 1 below.

Table 1:

Receivable File Review: Summary Results								
Level	Full Population			Dorchester			SPLCSS	
	# of Receivables	12/31/2023 Valuation		# of Receivables	12/31/2023 Valuation		# of Receivables	12/31/2023 Valuation
Level 1	758	\$		306	\$		452	\$
Level 2	262	\$		29	\$		233	\$
Level 3	18	\$		3	\$		15	\$
Total	1038	\$		338	\$		700	\$

¹ Based on review of the missing documents, and the sources from which the Receivables were originated, Saiph believes the missing documents can be reconstituted by reaching out to each channel from which the asset was originated.

Chain of Title Review

The second analysis conducted included obtaining and reviewing assignment documentation for each Receivable pledged to the Facilities. The first step in the review process was to confirm the assignment trail from the original owner of the annuity payments for each transaction that occurred prior to SuttonPark's acquisition of the Receivables ("Purchase Assignments"). Once the Purchase Assignments were obtained and verified, a second analysis was performed to determine (with reasonable certainty) if each Receivable existed without another counterparty within the SuttonPark ecosystem having claim to the Receivable payments. Further analysis was conducted to ensure that there were no duplicate records in the servicing database that would constitute an over-purchase of an annuity, by extracting and analyzing the annuity master schedules contained in the servicing system.

The risk categories for the chain of title review findings are as follows:

Level 1: Clear Chain of Title – No Material Exceptions

Level 2: Chain of Title Deficiency – Requires Management Action²

Level 3: Material File Deficiency – Unlikely Title to Receivable

Results:

The attached exhibit, "," contains the results of our Receivable file review with corresponding exceptions identified. The results for our individual analysis are summarized in Tables 2 below.

Table 2:

Chain of Title Review: Summary Results									
Level	Full Population			Dorchester			SPLCSS		
	# of Receivables	12/31/2023 Valuation		# of Receivables	12/31/2023 Valuation		# of Receivables	12/31/2023 Valuation	
Level 1	434	\$		155	\$		279	\$	
Level 2	567	\$		171	\$		396	\$	
Level 3	38	\$		12	\$		26	\$	
Totals	1039	\$		338	\$		701	\$	

Servicing Review

Saiph was commissioned confirm the expected cashflow schedules reported by the servicer against the receivable file documentation, as well as assist in collection reconciliation efforts for the Receivables in the SPLCSS Facility. No material variance was found between the schedule of cashflows reported by the Servicer and those contained in the receivable files. In addressing outstanding Receivable payments as reported by SuttonPark, the collections efforts afforded visibility into whether past due amounts and Receivables would perform in the future. The same analysis was not performed for the Dorchester

² The majority of Level 2 Receivables pertain to portfolio acquisitions. Saiph suggests sending a confirmation list to ensure the seller's of each portfolio acknowledge the schedule of receivables purchased as individual assignments were not produced. An alternative procedure was performed to ensure the accounting records reflected the acquisition of each Receivable, which would have been done so with submission of purchase documentation based on Saiph's understanding of SuttonPark's internal procedures.

Receivables, as there was not material delinquency history at the time of this report.

The risk categories for our servicing review findings are as follows:

Level 1: Clean Collections Activity – Performing

Level 2: Delinquent Payments Recoverable – Future Payments Should Perform

Level 3: Delinquent Payments Not Recoverable – Likely Will Not Perform

Results:

The attached exhibit, “Leadenhall- SPLCSS and Dorchester Audit Results- Final 9-4-24” contains the results of our Receivable file review with corresponding exceptions identified. The results for our individual analysis are summarized in Table 3 below.

Table 3:

Servicing Review: Summary Results					
Level	Full Population			SPLCSS	
	# of Receivables	12/31/2023 Valuation		# of Receivables	12/31/2023 Valuation
Level 1	927	\$		589	\$
Level 2	109	\$		109	\$
Level 3	3	\$		3	\$
Totals	1039	\$		701	\$

Summary Findings:

Based on the above analyses, each Receivable was classified into one of the three risk categories. If a Receivable was assigned a Level 3 risk category in any of the three reviews conducted above, that Receivable is classified as high risk and grouped as a Level 3 asset. For Receivables that fell into the Level 1 risk classification for all reviews, the Receivable is classified as a good asset and should perform in the future with a relatively high degree of certainty. All other Receivables would have at least one Level 2 classification, and further efforts by management to resolve the deficiencies in those Receivable records are encouraged to ensure continuing performance.

Table 4 below categorizes the Receivables accordingly.

Table 4:

Consolidated Classification by Receivable									
Level	Full Population			Dorchester			SPLCSS		
	# of Receivables	12/31/2023 Valuation		# of Receivables	12/31/2023 Valuation		# of Receivables	12/31/2023 Valuation	
Level 1	345	\$		144	\$		201	\$	
Level 2	625	\$		172	\$		453	\$	
Level 3	69	\$		22	\$		47	\$	
Totals	1039	\$		338	\$		701	\$	

Data Reliance

The findings and conclusions presented in this collateral audit are based on the data, documents, and information provided to the audit team by the relevant parties. While we have conducted our analysis with diligence and care, we cannot guarantee the accuracy, completeness, or reliability of the data supplied by external sources. The audit results are reliant on the authenticity and correctness of the information provided.

Any decision made based on this audit should consider the potential risks associated with data discrepancies, misreporting, or omissions that may not have been identifiable during the audit process. It is recommended that all parties undertake further verification of critical data points and engage with relevant stakeholders to address any uncertainties or issues arising from this audit.

Use of Work Product

Saiph has prepared this material for the specific purpose of providing Leadenhall with the results of our Receivable audit. This letter should not be used for any other purpose. This letter has been prepared solely for the internal business use of and is only to be relied upon by the management of Leadenhall. No portion of this letter may be provided to any other party without Saiph's prior written consent. Saiph does not intend to benefit or create a legal duty to any third-party recipient of its work.

Conclusion

Craig, it has been my pleasure to work with you and your team on this project. Please review the attached information and if you have any questions, please give me a call at [REDACTED].

Sincerely,

[REDACTED]
Paul Kosinski
Chief Executive Officer
Saiph Group LLC